Recurly

JANUARY 2019

SUBSCRIPTION COMMERCE CONVERSION INDEX™

PYMNTS.com

Average time to subscribe: **146.0 SECONDS** | Average time to subscribe on top-performing subscription sites: **120.2 SECONDS**

PATH TO CONVERSION

The secret to success is in the features.

	BASIC	COMFORT	PREMIER RECOMMENDED Bottom	Middle	Top
Messaging	✓	✓	60%	95%	100%
Password Requirement	✓	✓	45%	76%	100%
Plan Cancellation			40%	75%	100%
Plan Changes			0%	44%	95%
Product Reviews		✓	15%	36%	50%
Free Trial	✓	✓	30%	41%	70%

SUBSCRIPTION COMMERCE CONVERSION INDEX™

SCCI

ACKNOWLEDGMENT

The Subscription Commerce Conversion Index™ was done in collaboration with Recurly, and PYMNTS is grateful for the company's support and insight. **PYMNTS.com** retains full editorial control over the findings presented, as well as the methodology and data analysis.

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SUBSCRIPTION COMMERCE CONVERSION INDEX™ SCCI

THE PATH TO CONVERSION

WHAT SEPARATES THE BEST FROM THE REST

INDEX SCORE
Q3 2018
63.8

INDEX SCORE
Q4 2018
63.5

1 MAKE THINGS **CLEAR**

Offer details on products and recurring payments.

PERFORMERS:	TOP **100%**	BOTTOM **70%**
INDUSTRIES:	**100%**	**75%**

2 MAKE THINGS **SECURE**

Require a password.

PERFORMERS:	TOP **100%**	BOTTOM **45%**
INDUSTRIES:	**95%**	**50%**

3 MAKE THINGS **FLEXIBLE**

Provide cancellation and plan change options.

CANCELLATION

PERFORMERS:	TOP **100%**	BOTTOM **40%**
INDUSTRIES:	**89%**	**38%**

PLAN CHANGES

PERFORMERS:	TOP **95%**	BOTTOM **0%**
INDUSTRIES:	**67%**	**26%**

4 MAKE THINGS **INFORMATIVE**

Offer product ratings and reviews.

PERFORMERS:	TOP **50%**	BOTTOM **15%**
INDUSTRIES:	**61%**	**9%**

5 MAKE THINGS **FAST**

Monitor average subscription times.

PERFORMERS:	TOP **120.2 secs**	BOTTOM **115.0 secs**
INDUSTRIES:	**107.5 secs**	**188.9 secs**

WINNER	**LOSER**
INDEX SCORE **69.4**	INDEX SCORE **52.2**

SaaS/Cloud Computing · Streaming Services · Education · Consumer Goods and eCommerce · Publishing and Entertainment · IoT/Hardware · Consumer Services · Consulting and Financial Services · Business Services

EXECUTIVE SUMMARY

While the subscription business model dates back to the 1800s, it is experiencing rapid growth today. A multitude of industries — from tech companies, such as Adobe and Netflix, to consumer goods providers like Swiffer and Gillette — have adopted the model to make life easier for customers, and the trend is even gaining traction with automakers.

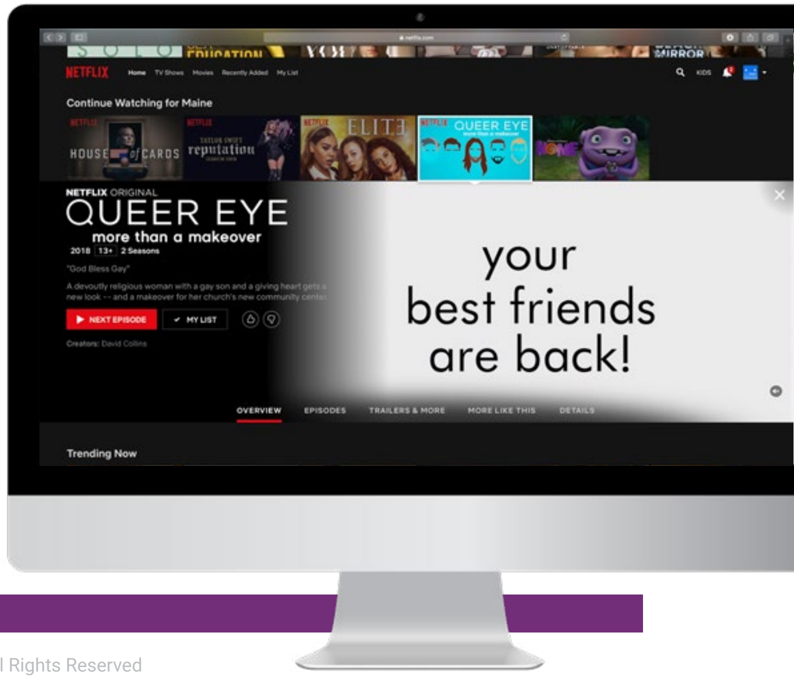
BMW is piloting a $2,000-a-month subscription program in Nashville that includes roadside assistance and insurance, and subscribers who pay $3,700 a month for the next service tier can access additional premium cars. On the other end of the spectrum, Ford rolled out a $400-a-month car subscription service, called Canvas, in San Francisco and Los Angeles. It targets millennials who don't want to buy a vehicle or pay for its upkeep, but still need to travel to locations that aren't accessible by public transportation.

Luxury brands like Land Rover, Lexus, Mercedes-Benz and Volvo are also experimenting with car subscription services to determine what works best for them. Cadillac premiered its car subscription service, BOOK, in 2017. Customers who paid a $500 enrollment fee and $1,800 per month were allowed to swap vehicles up to 18 times a year. The company announced it would halt the service just one year after launch, however.

As automakers' experiences demonstrate, the subscription service model presents unique challenges for every industry. Companies must consistently deliver a smooth process, from delivering products or services to accepting payments. They must also fight subscription fatigue and make sure their plans give customers the options they want and need, while limiting unwanted low-margin extras. So, just how effectively are businesses deploying the subscription model?

The Subscription Commerce Conversion Index™, a PYMNTS and Recurly collaboration, examines merchant-subscriber relationships. It delves into the subscription checkout experience from a subscriber's perspective, including how long it takes to complete an order on a given platform, and whether the process is straightforward or complicated enough to result in card abandonment.

Results are based on data collected on 47 features from 171 subscription merchants across nine industries. The index examines how well merchants implement the features, awarding each seller an aggregated score between zero and 100. The higher the score, the easier the checkout process and the more likely a consumer is to complete it.



KEY FINDINGS

Feature scores varied slightly, but merchants largely stayed the course and did not implement major changes in Q4 2018. The average index score was 63.5 points, down from 63.8 in Q3. Meanwhile, the average time it took to complete a subscription checkout increased from 143.6 seconds in Q2 to 146 seconds in Q4.

The dip in Q4 scores was partially driven by a decrease in implementation for five key features: passwords, free trials, free shipping, messaging options and security logos. These declines were slight, however, and ranged from just 0.9 percent to 2.5 percent.

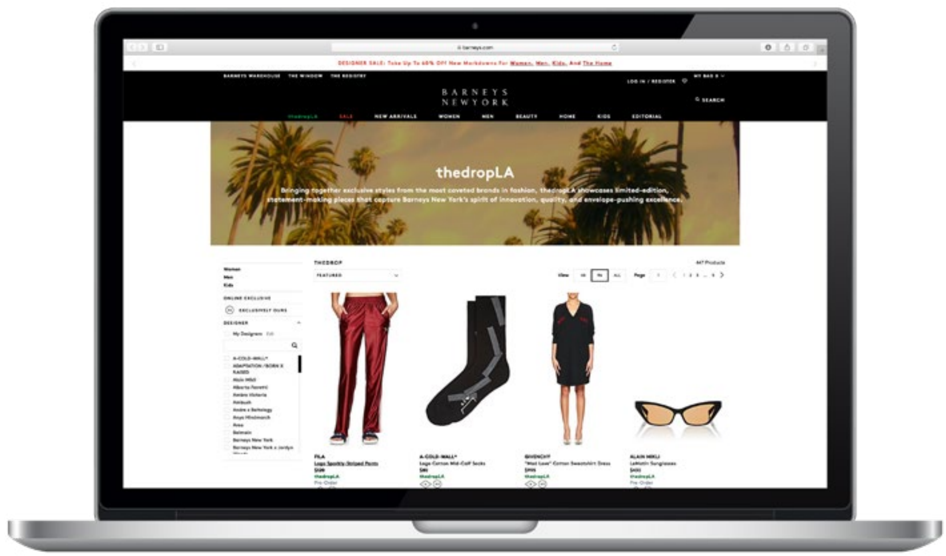


FIGURE 1: AVERAGE INDEX SCORE, BY QUARTER
From Q3 2017 to Q4 2018

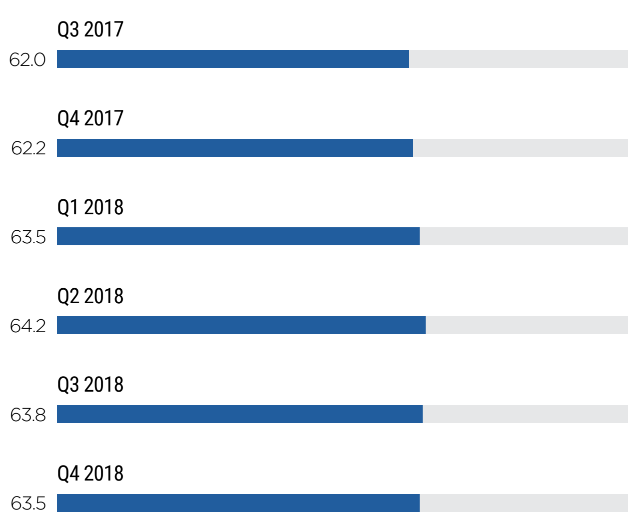
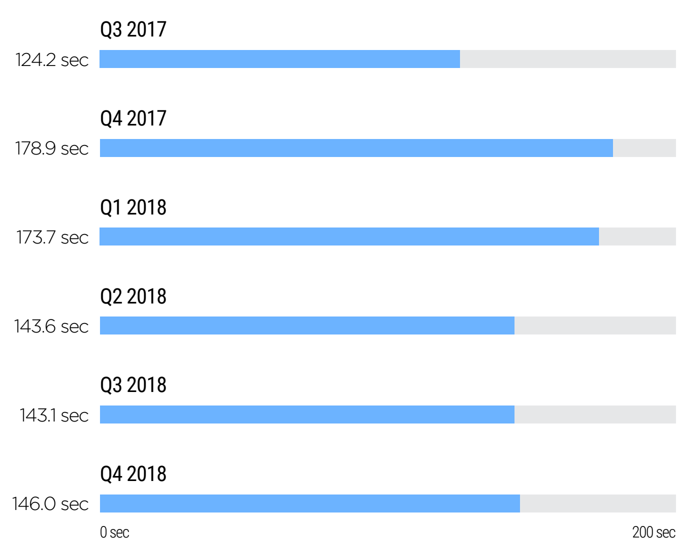


FIGURE 2: AVERAGE SUBSCRIPTION TIME, BY QUARTER
From Q3 2017 to Q4 2018



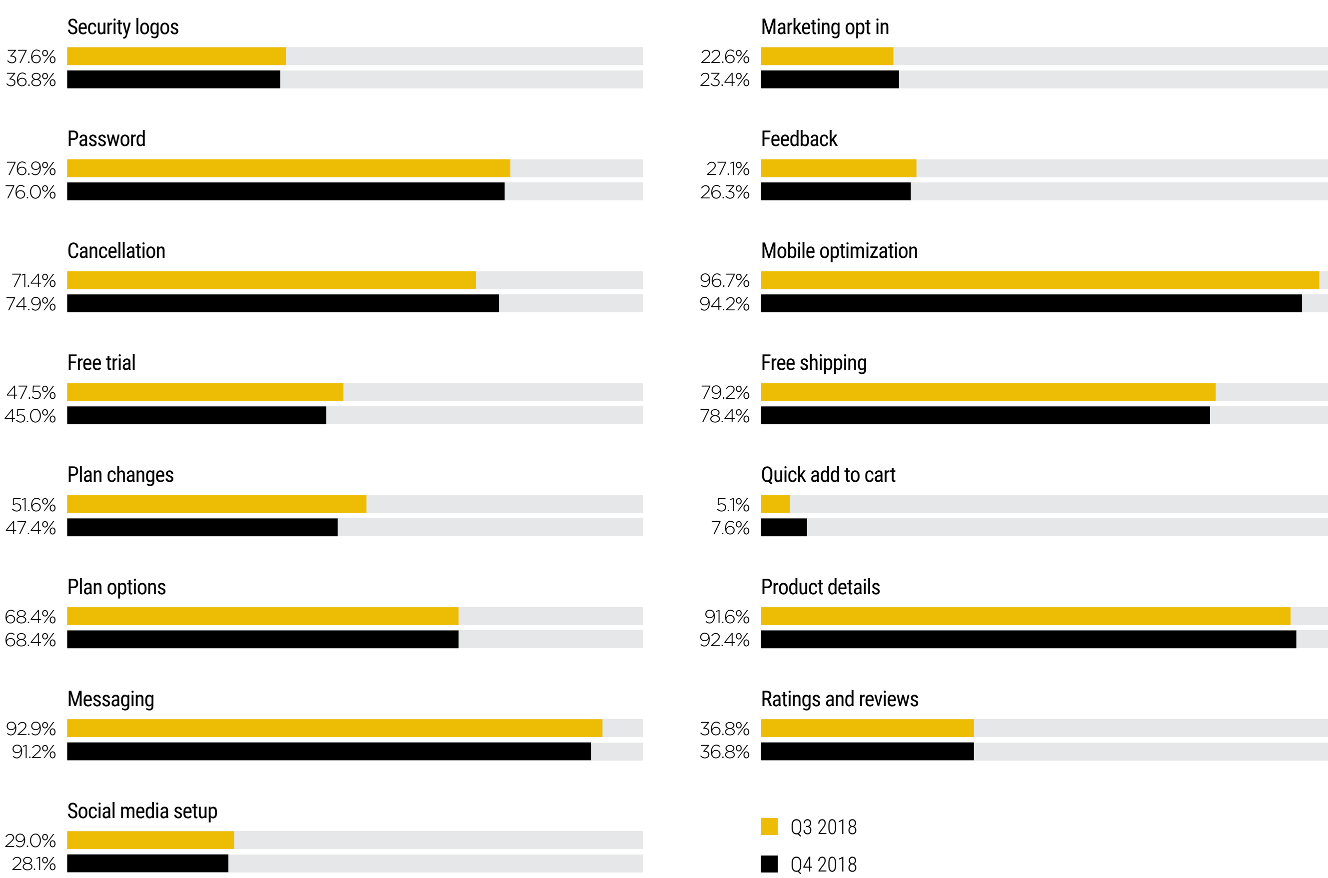
5.3

the average number of accepted payments on a subscription platform

On the other hand, implementation rates increased for three features: cancellation options, product details and quick add to cart. Again, the increases were slight, ranging from 0.8 percent (product details) to 3.5 percent (cancellation options). In addition, the average number of accepted payment options increased, from 5.2 to 5.3.

Product ratings and plan options, meanwhile, remained steady.

FIGURE 3: FEATURE IMPLEMENTATION, Q3 2018 VS. Q4 2018
Percentage of merchants implementing subscription checkout features, by quarter



THE PERFORMANCE GAP

Subscription commerce merchants sell different products in different industries, and there's no one-size-fits-all strategy for success. What is undeniable, however, is that some merchants are more successful than others. In this section, we examine the gap between Q4's Top and Bottom Performers.

Overall, the Top Performers continued to improve while the Bottom Performers saw their scores drop. Top 20 Merchants' scores rose from 81 to 82 in Q4, while those for the Bottom 20 dropped from 41.1 to 40.6.

Success also comes with less score variation. Top 20 Merchants' scores changed the least and ranged from 78.5 to 89.9 points, an 11.4-point spread. By comparison, Bottom 20 Merchants' scores varied the most and ranged from 23.3 to 47.5, a 24.2-point spread.

FIGURE 4: EVOLUTION OF AVERAGE SCCI SCORES
Top, Middle and Bottom Performers' average SCCI scores, by quarter

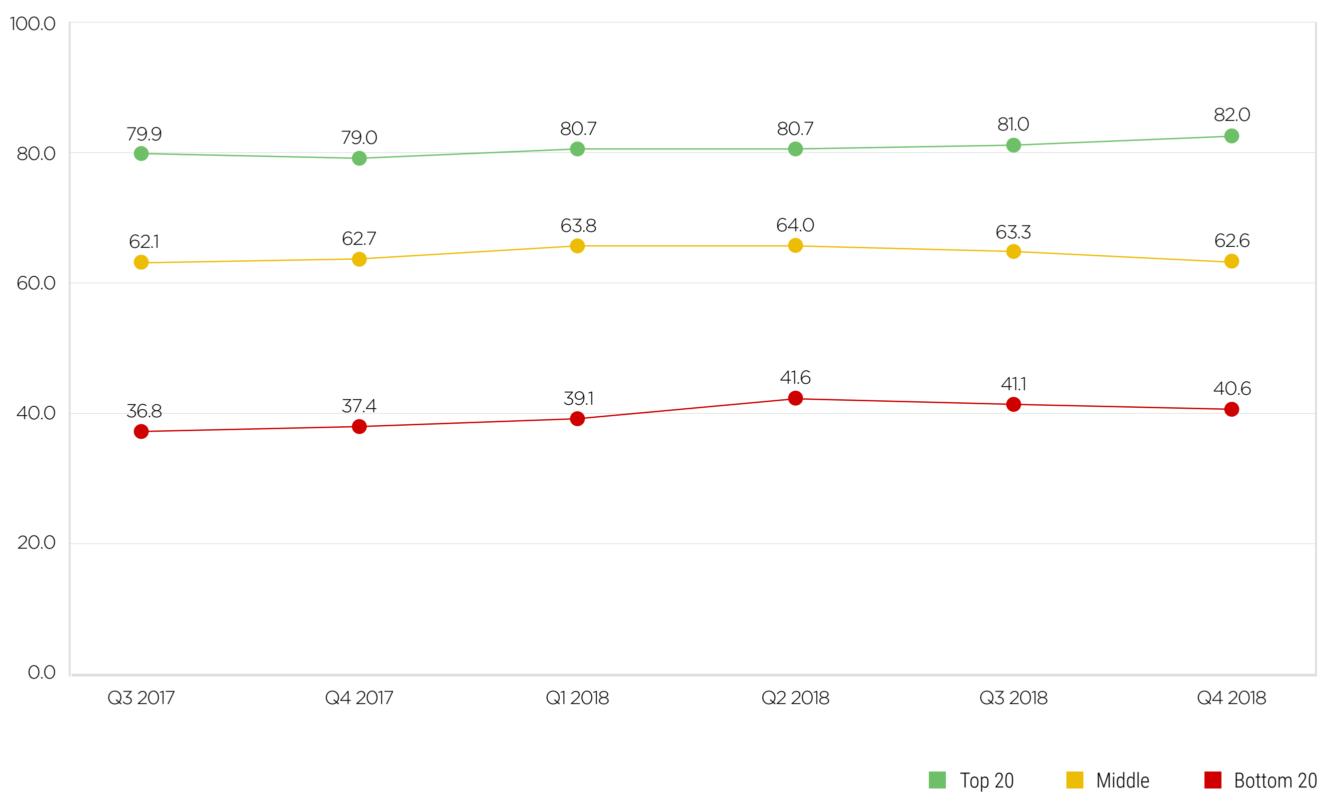
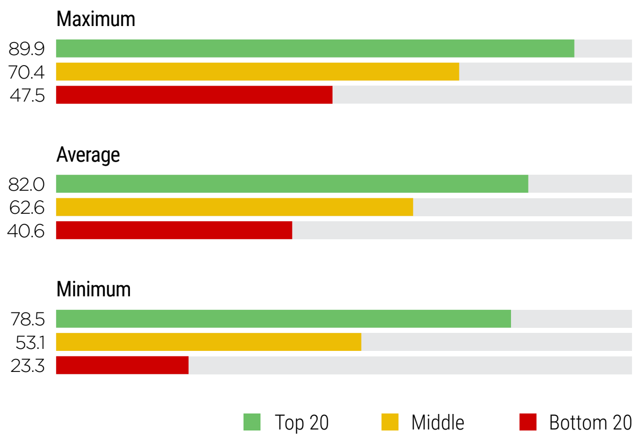


FIGURE 5: INDEX SCORE VARIATION
Top, Middle and Bottom Performers' SCCI score variation



Top and Bottom Performers differed the most on two features: plan changes and plan options. None of the Bottom Performers offered plan changes, while 95 percent of Top Performers did. Meanwhile, only 10 percent of the former offered plan options, compared to 95 percent of the latter.

There were certain features that even a majority of Bottom Performers implemented, however. These included product details, offered by 70 percent of them, and message features, offered by 60 percent.

A few features were rarely offered, even among Top Performers. Just 15 percent provided rewards, for example, and a mere 20 percent offered quick add to cart.

85.0%

Portion of Bottom 20 subscription providers that had implemented mobile optimization

FIGURE 6: FEATURE IMPLEMENTATION FOR TOP PERFORMERS IN Q4 2018
Percentage of merchants that implemented select features, by performance group

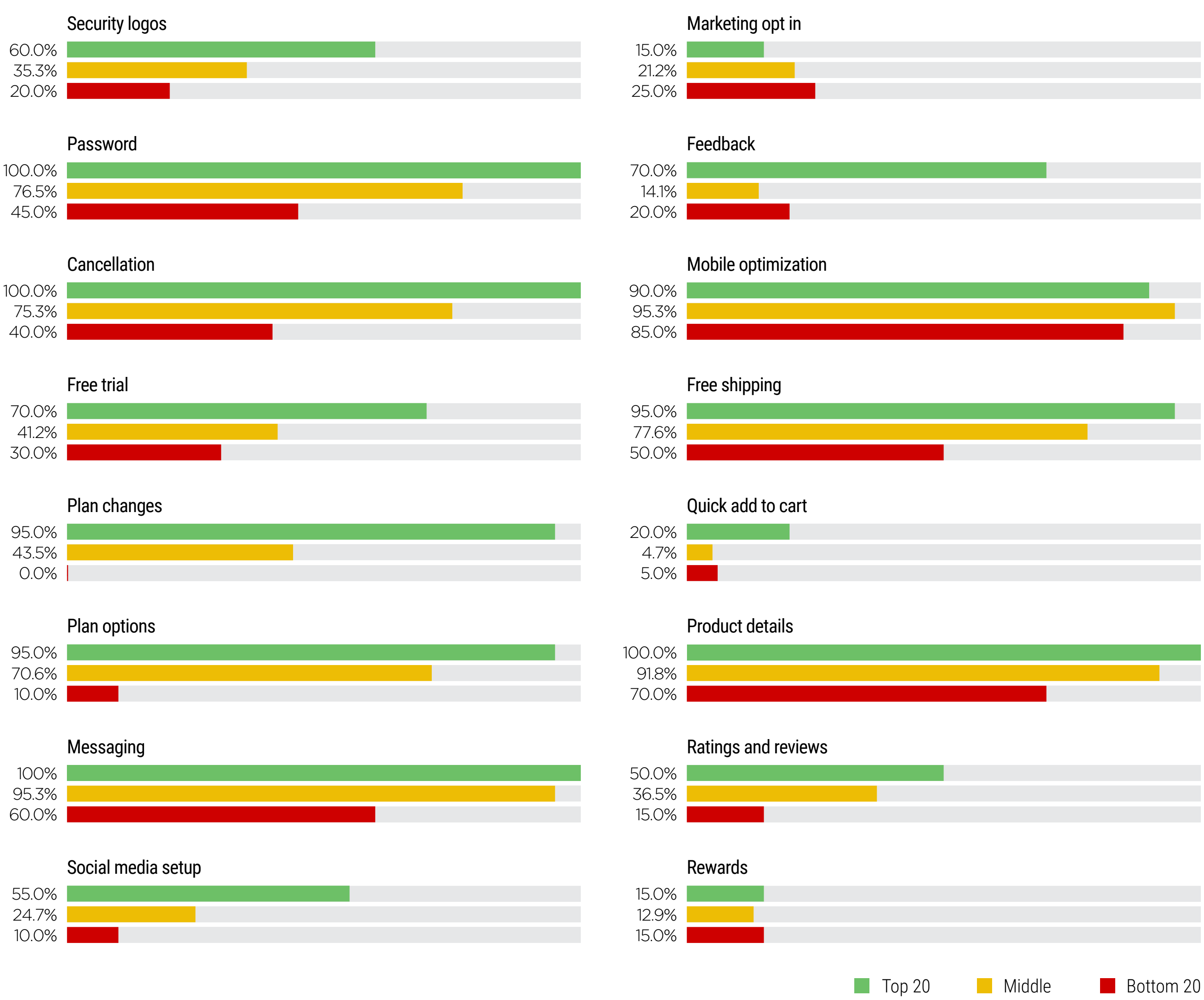
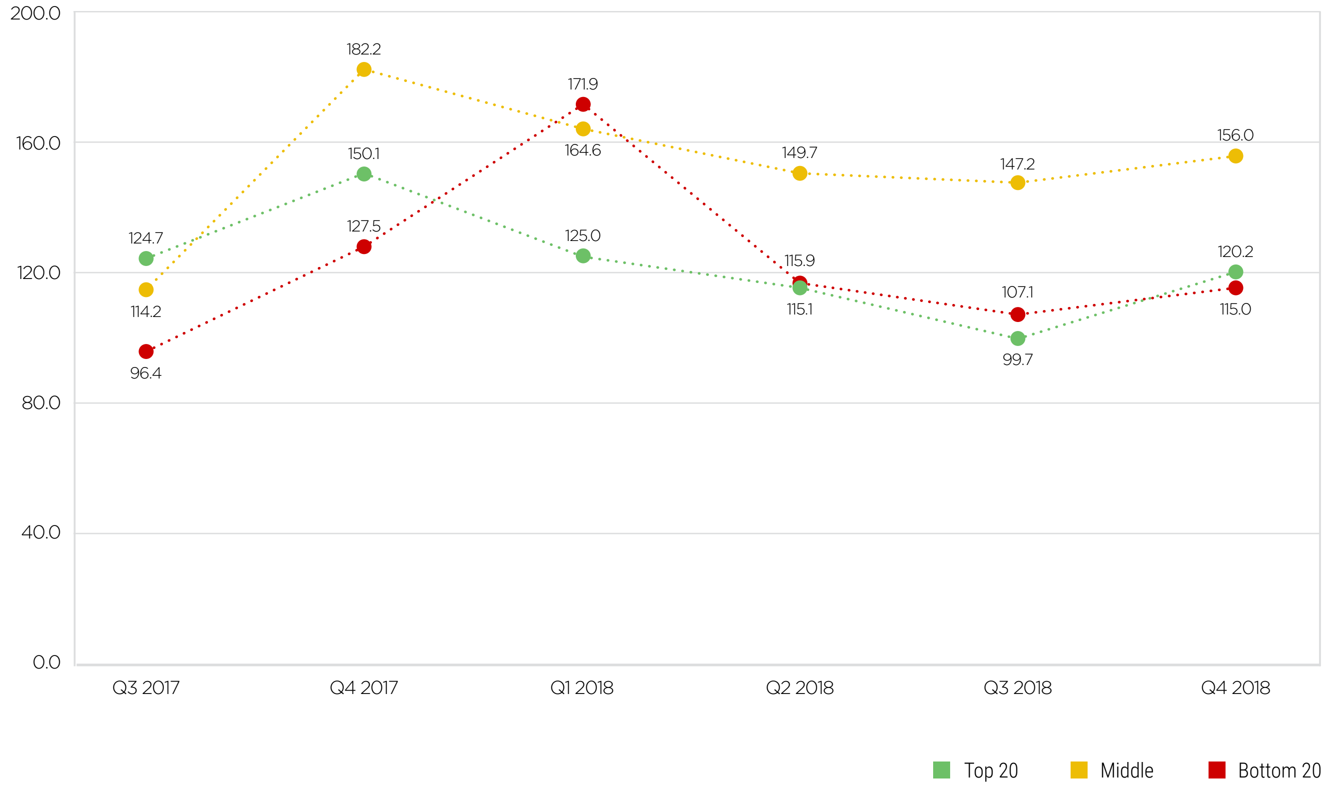


FIGURE 7: EVOLUTION OF AVERAGE SUBSCRIPTION TIMES
Top, Middle and Bottom Performers, by quarter



Interestingly, Bottom Performers offered faster checkout times than Top Performers, clocking in at 115 seconds compared to 120.2 seconds. This might be because Bottom Performers simply did not offer as many features. That said, Top Performers had the largest increase in subscription checkout times (20.5 seconds), compared to 8.8 seconds and 6.9 seconds for Middle and Bottom Performers, respectively.

In terms of payment methods, Top Performers accepted an average of 6.0 types, compared to 2.8 for Bottom Performers.

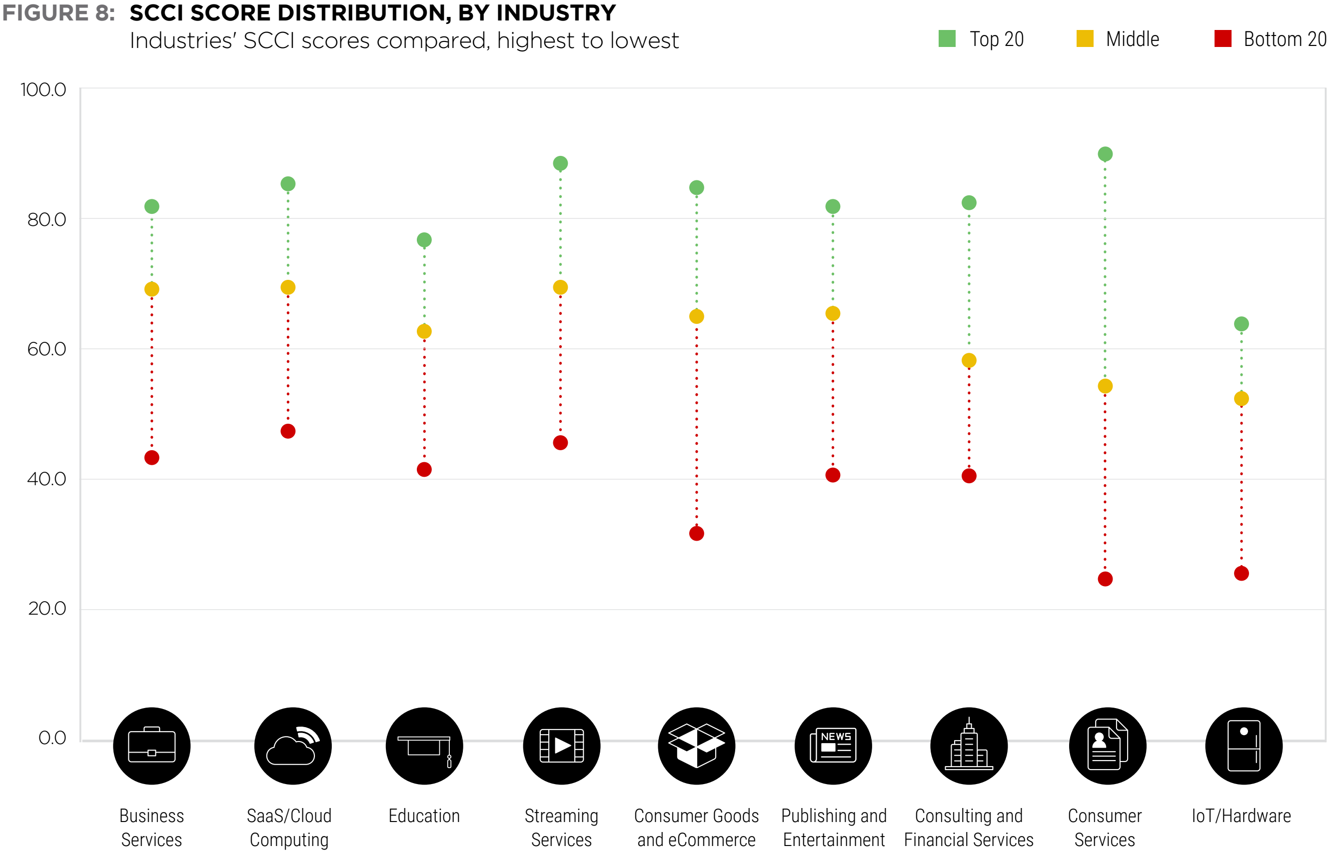
TOP-PERFORMING INDUSTRY

Subscriptions offer a powerful business model to attract and keep new customers. That said, knowing how to effectively deploy subscription services and which features to implement provides unique challenges for each industry.

In Q4 2018, software-as-a-service (SaaS)/cloud computing emerged as the top-performing industry with an average merchant score of 69.4, and over-the-top (OTT)/subscription video on demand (SVOD) followed close behind at 69.1. Business services, the top-performing industry in Q3, rounded out the top three with a score of 68.7. In last place was Internet of Things (IoT)/hardware, with a score of 52.2.

All SaaS/cloud computing merchants offered free shipping and mobile optimization, and a vast majority provided plan options, product details and messaging. Conversely, none of them offered rewards. It took 140.3 seconds — just a few seconds faster than average — to complete subscription checkout from these merchants, which could be because they offered

FIGURE 8: SCCI SCORE DISTRIBUTION, BY INDUSTRY
Industries' SCCI scores compared, highest to lowest



146 SECONDS

THE AVERAGE TIME IT TOOK TO COMPLETE A SUBSCRIPTION IN Q4 2018

more plan options and product details for customers to review before checking out.

SaaS/cloud computing merchants also came in second-to-last for accepted payment types, at 4.6. This may be because most merchants in this category cater to customers in the B2B sphere, where payment options popular among consumers — such as Apple Pay and PayPal — may be less frequently offered.

The biggest differentiator between SaaS/cloud computing and the lowest performer, IoT/hardware, was the implementation of free shipping. While all SaaS/cloud merchants offered the feature, just 25 percent of IoT/hardware merchants did the same. This might be because the services SaaS/cloud merchants provide don't incur large shipping expenses, while IoT/hardware merchants must often ship fragile products.

Not all industries reflected longstanding trends, though. While most focused on implementing product details, mobile optimization and messaging options, consulting and financial services merchants lagged behind on providing these three features. Consumer services and IoT/hardware merchants also lagged behind others on offering product details and messaging options.

In addition, most industries did not offer rewards. The exceptions were consumer goods and eCommerce (35 percent) and consumer services (35 percent), both of which could be particularly well-suited for a rewards-focused business model.

In terms of payment methods, publishing and entertainment merchants accepted the most (6.0), while IoT/hardware firms accepted the fewest (4.3).

Overall, OTT/SVOD vendors provided the fastest subscription checkout time (107.5 seconds), while the firms in the consulting and financial services industry had the slowest (188.9 seconds). Again, the nature of these industries explains these results: Customers watch videos on demand, but often take extra time to consider consulting or financial service transactions.

TABLE 1: FEATURES BUSINESS SERVICES MERCHANTS IMPLEMENTED, BY QUARTER
Percentage of business services merchants that have implemented select features, by quarter

FEATURES	Business Services	SaaS/Cloud Computing	Education	Streaming Services	Consumer Goods and eCommerce	Publishing and Entertainment	Consulting and Financial Services	Consumer Services	IoT/Hardware	Q4 2018
Index score	68.7	69.4	62.6	69.1	64.0	64.8	58.0	55.7	52.2	**63.5**
Time	162.8	140.3	121.8	**107.5**	139.8	146.3	**188.9**	165.9	155.8	**146.0**
Rewards	**0%**	**0%**	**0%**	**0%**	35%	**0%**	**0%**	35%	**0%**	**12%**
Product ratings/reviews	45%	7%	56%	9%	63%	33%	11%	47%	25%	**37%**
Product details	**100%**	94%	**100%**	95%	93%	89%	95%	76%	75%	**92%**
Quick add to cart	5%	**0%**	13%	5%	15%	11%	**0%**	6%	13%	**8%**
Free shipping	**100%**	**100%**	38%	**100%**	75%	**100%**	**100%**	41%	25%	**78%**
Mobile optimized	**100%**	**100%**	**100%**	95%	88%	**100%**	79%	**100%**	**100%**	**94%**
Feedback	30%	50%	31%	23%	15%	22%	32%	18%	25%	**26%**
Marketing opt in	15%	28%	13%	32%	38%	11%	16%	12%	25%	**23%**
Social media setup	25%	28%	19%	41%	28%	44%	21%	35%	**0%**	**28%**
Messaging	95%	94%	94%	91%	93%	78%	89%	88%	88%	**91%**
Plan options	85%	94%	50%	77%	70%	67%	47%	59%	63%	**68%**
Plan changes	60%	67%	38%	50%	50%	44%	26%	41%	50%	**47%**
Free trial	70%	83%	38%	77%	3%	67%	63%	18%	25%	**45%**
Cancellation	85%	61%	75%	86%	83%	89%	68%	59%	38%	**75%**
Password	75%	89%	81%	95%	75%	78%	68%	53%	50%	**76%**
Security logos	30%	28%	44%	27%	38%	22%	53%	41%	50%	**37%**
Total payment types	5.3	4.6	5.7	5.5	5.5	6.0	5.4	5.0	4.3	**5.3**

B2B CONTINUES TO **OUTPERFORM** B2C

Next, we examined the differences between business-to-business (B2B) and business-to-consumer (B2C) subscription services, which cater to different audiences with different needs.

In Q4, B2B merchants continued to outperform B2C merchants. Both segments saw their overall scores decline, however, with B2B merchants' scores dipping from 65.7 to 65.3, while B2C merchants' scores dropped from 62.8 to 62.7.

Both segments also saw their average subscription checkout times climb. B2B merchants' subscription checkout times rose from 163.7 seconds to 164.4, while B2C merchants' climbed from 132.7 to 136.8.

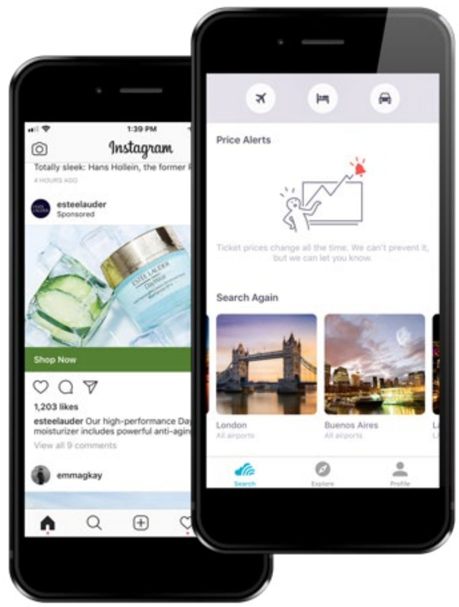


FIGURE 9: EVOLUTION OF AVERAGE SCCI SCORES
B2B vs. B2C merchants' average SCCI scores, by quarter

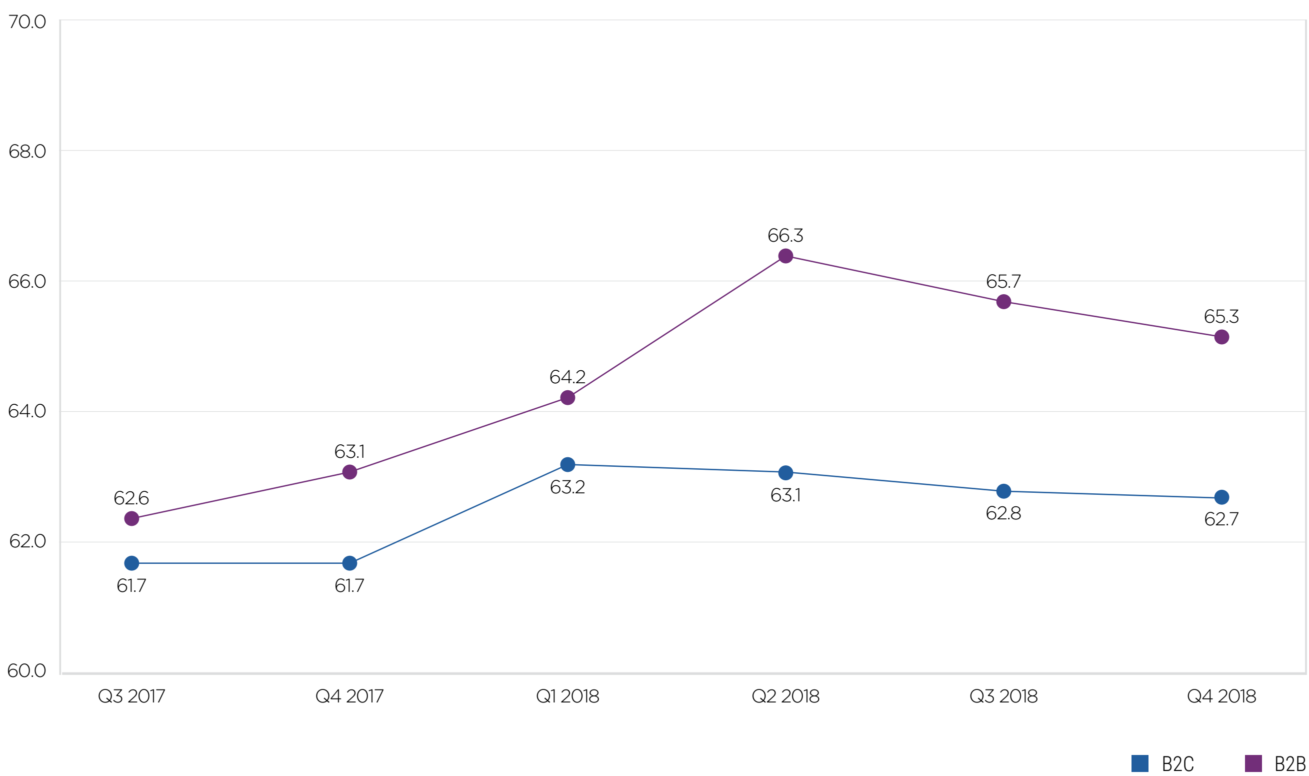
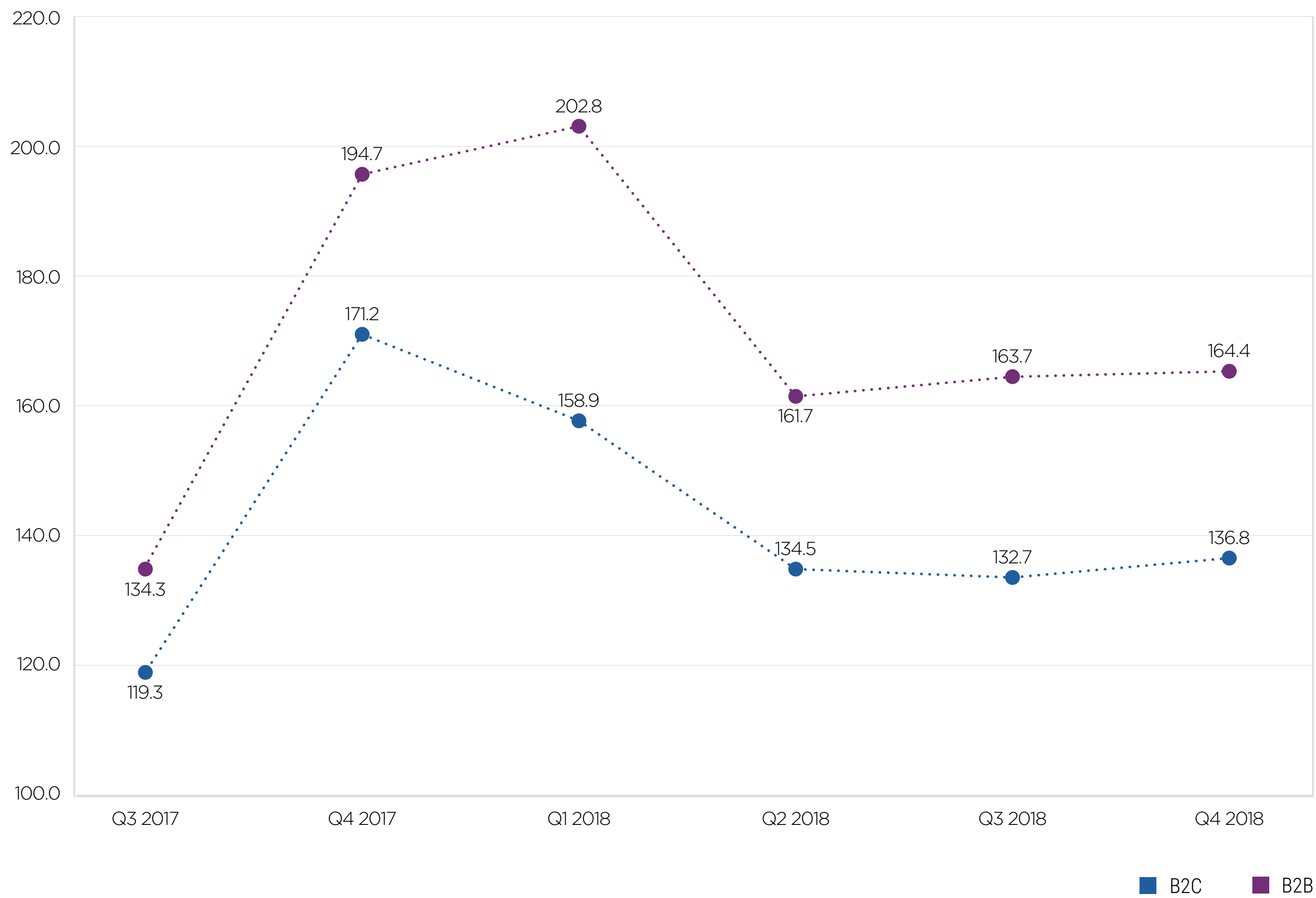


FIGURE 10: AVERAGE SUBSCRIPTION TIMES FOR B2B AND B2C MERCHANTS, BY QUARTER
The average time it took to subscribe, by quarter and merchant type



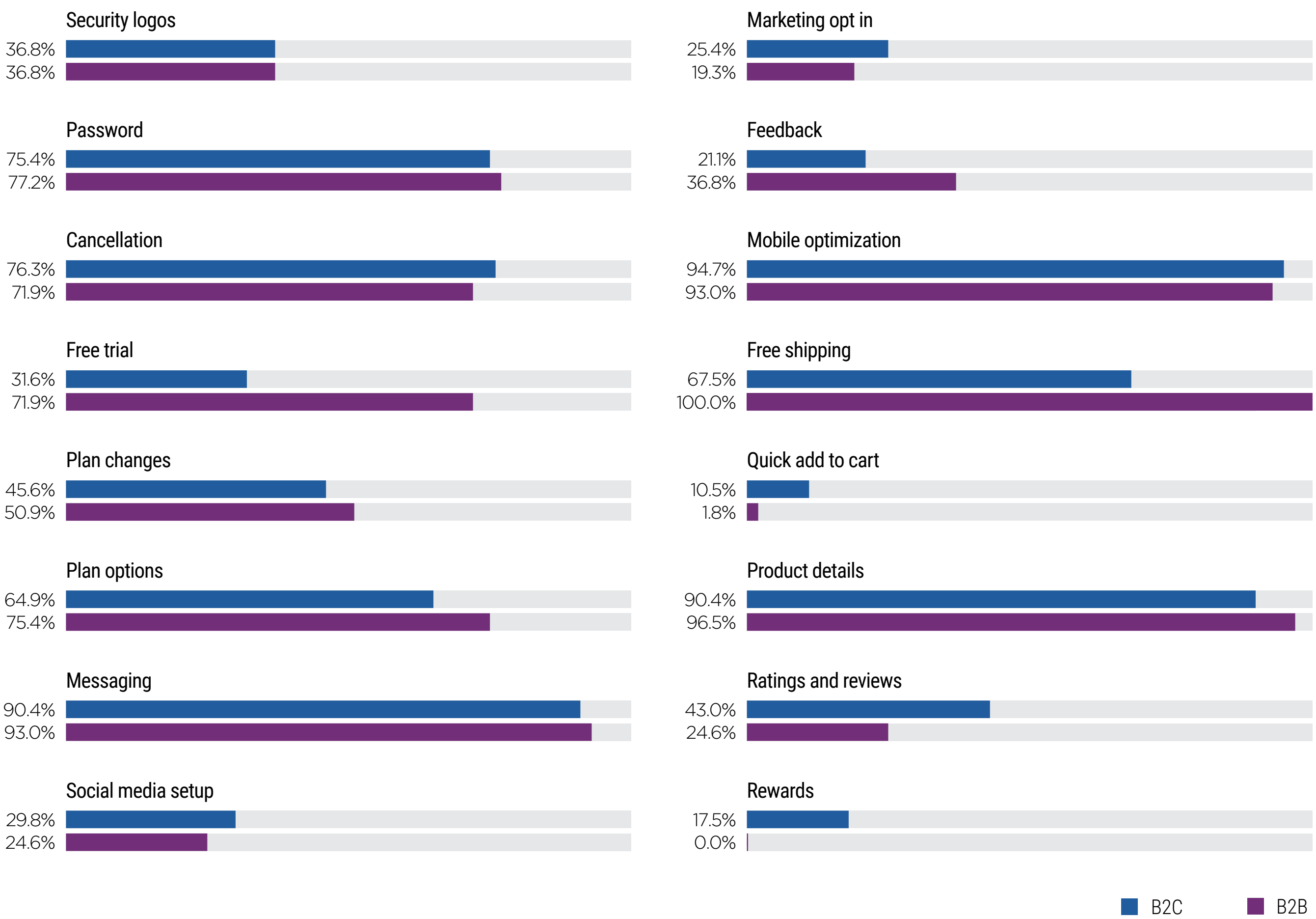
B2B merchants gained an edge with higher implementation rates for product trials, free shipping, plan options, plan changes and feedback options. The vast majority (71.9 percent) offered free trials, compared to 31.6 percent of B2C merchants. Similarly, all B2B merchants offered free shipping, compared to just 67.5 percent of B2C firms.

This group fared better when implementing plan changes, plan options and feedback options, too. Seventy-five percent of B2B merchants offered plan options, compared to 65 percent of B2C firms. Approximately half of the former offered plan changes, compared to 45.6 percent of the latter, and neither B2B nor B2C merchants were great about implementing feedback options. Just 36.8 percent in the B2B segment offered the feature, compared to 21.1 percent of B2C merchants.

B2C merchants outperformed those in the B2B segment on implementing features that help subscribers communicate with them, though, such as product ratings and reviews and rewards offerings. Forty-three percent of B2C merchants offered product ratings and reviews, compared to 24.6 percent for B2B. Meanwhile, 17.5 percent of B2C merchants offered rewards, compared to none of those in the B2B segment.

B2B and B2C merchants both focused on implementing mobile optimization and plan cancellation options, however. Almost all of our surveyed B2C merchants (94.7 percent) and B2B firms (93 percent) offered mobile optimization, while approximately three-quarters of them offered cancellation options, at 76.3 percent for B2C merchants versus 71.9 percent for those in the B2B segment.

FIGURE 11: FEATURE IMPLEMENTATION FOR Q4 2018, B2B VS. B2C MERCHANTS
Percentage of merchants that have implemented select features, broken down by merchant type



B2B merchants seem to rely on implementing cancellation and feedback options to successfully maintain their edge over time. While B2C merchants did so for cancellations at a higher rate than B2B firms, the percentage of the latter providing cancellation options skyrocketed from 59.5 percent last year to 71.9 percent in Q4 2018. This group also increased its implementation of feedback options, which rose from 29.5 percent last year to 36.8 percent in Q4 2018.

Its implementation of product details has declined from Q3 2018's rate of 99 percent, though. This suggests that customers don't necessarily value product details as much, or that the benefits to maintaining the feature do not outweigh its costs.

DEEP DIVE: **GOODS VERSUS SERVICES**

We examined the differences between merchants that sell goods and those that offer services to better understand what it takes to offer a successful subscription product.

Service merchants made up about 70 percent of our sample and included the following industries:

- Business Services
- SaaS/Cloud Computing
- Education
- Streaming Services
- Publishing and Entertainment
- Consulting and Financial Services
- Consumer Services

Goods accounted for 30 percent of our sample and included the following industries:

- Consumer Goods and eCommerce
- IoT/Hardware

Overall, service industries averaged 64.3 points, while those for goods averaged 61.8 points.

Both industries accepted 5.3 payment types, although service industries had a slightly slower subscription checkout time of 147.3 seconds, compared to 142.8 seconds for goods.

Three key features affected the two industries' performances: free trials, free shipping, and product ratings and reviews. Sixty percent of service merchants offered free trials, compared to just 8 percent of goods merchants. Service merchants also excelled at implementing free shipping, as 83 percent offered it compared to only 66 percent of those in goods — though service merchants likely have lower shipping costs. Meanwhile, goods merchants had the upper hand when it came to product ratings and reviews: 54 percent offered them, compared to just 30 percent of service merchants.

The two industries showed little difference in their implementation rates for plan cancellation, plan changes, messaging options, plan options and product details. These features — with the exception of plan changes — were used by more than 50 percent of merchants and form the foundation for a successful subscription model, something merchants from both industry segments seem to realize.

TABLE 2: FEATURE IMPLEMENTATION AND DIFFERENCE
Services vs. goods

FEATURES	Feature implementation		Difference
	Goods	Services	
Security logos	40.0%	35.5%	**-4.5%**
Password	72.0%	77.7%	**5.7%**
Cancellation	76.0%	74.4%	**-1.6%**
Free trial	8.0%	60.3%	**51.7%**
Plan changes	48.0%	47.1%	**-0.9%**
Plan options	66.0%	69.4%	**3.4%**
Messaging	92.0%	90.9%	**-1.1%**
Social media setup	24.0%	29.8%	**5.8%**
Marketing opt in	34.0%	19.0%	**-15.0%**
Feedback	18.0%	29.8%	**11.8%**
Mobile optimization	90.0%	95.9%	**5.9%**
Free shipping	66.0%	83.5%	**17.5%**
Quick add to cart	14.0%	5.0%	**-9.8%**
Product details	90.0%	93.4%	**3.4%**
Ratings and reviews	54.0%	29.8%	**-24.2%**
Rewards	28.6%	4.9%	**23.7%**

FEATURE STORY

HOW BORROW IS USING SUBSCRIPTIONS TO BRING **FLEXIBILITY, FREEDOM** BACK TO CAR OWNERSHIP

The automotive industry has traveled a winding road over the past century, and its journey has been filled with changes and unexpected developments. Now, new services and emerging technologies are testing automakers' abilities to keep modern consumers behind the wheel.

Automotive brands are faced with a generation of customers who value the flexibility and convenience offered by rideshare services like Uber or Lyft. In addition to delivering quick access to transportation, these offerings provide features customers have come to expect from almost all of their experiences — and for a bargain.

Younger consumers have emphasized that they value speed and affordability. Whether they're seeking meal kits, clothing services or entertainment options, millennial customers — those aged 22 to 37 — are used to trying before buying. Generation Z, those aged 21 and younger, is continuing the trend. Customers younger than 35 also closely monitor their spending and how their purchases affect the environment.

Rodrigo de Guzman, CEO and founder of electric vehicle (EV) subscription service Borrow, believes subscriptions could be the key to keeping these younger consumers connected to the auto industry. De Guzman recently spoke with PYMNTS about how the model gives automotive consumers the flexibility and freedom of choice they expect from their retail experiences.

> *[Millennials] didn't want to own anything, they wanted to pay monthly for use and access...*

Flexibility is the name of the game

Borrow, which launched in California in 2017, focuses on providing availability and flexible pricing to those who aren't interested in traditional vehicle ownership. The company's subscription approach differs from those offered by other car manufacturers, many of which allow subscribers to switch vehicles whenever they like.

"There are some [subscription] options out there that allow you to switch a car, but we never really found that customers were asking for that," de Guzman said. "They were coming to us and saying, 'Hey, I'm in town for [a certain] number of months, do you have a car for me?'"

Borrow offers four separate EV subscription tiers. Users can choose from three-, six- or nine-month plans, or they can select a "platinum-level" option that offers access to a Tesla Model S. There is a waitlist for the Tesla, de Guzman said, but the $1,500 monthly platinum plan is not the company's most popular option. Most subscribers opt for Borrow's six-month service, paying $574 a month to reserve a BMW i3 or Volkswagen e-Golf car.

Electric cars, millennials and fear of missing out

Borrow chose to provide EVs to appeal to consumers who are interested in testing the new technology and those concerned about the environment. Millennials are expected to make 40 percent of new-vehicle purchases in the next 10 years, and even some traditional auto companies are turning to electric or hybrid models to target this environmentally conscious segment.

"We now have a lot of [fear of missing out] for people with electric cars who are seeing all of these new EVs rolling out in the media," de Guzman said. "Borrow is a low-cost, low-risk way to try an EV."

De Guzman created Borrow after the founding of its parent company, Prazo, which originally offered customers more traditional leases. Prazo hit some speed bumps in appealing to millennial and Gen Z consumers who found its process cumbersome and the agreements too restrictive.

"Even a two-year lease was still too long [for these consumers], and to complete a transaction of that length and for that kind of financial commitment — it was a big ask for someone to do online," de Guzman explained.

Borrow used a different subscription approach to win over younger consumers, offering shorter terms and lower payments to build lasting relationships with them and help the company stay competitive. A fair amount of university students, who fall into the Gen Z category, select the company's three-month option.

"We have a lot of college students coming to town in Southern California, [and] we have a lot of millennials coming from ridesharing services who are now looking to get into their own personal vehicles," de Guzman said.

Staying competitive through generations

Offering an EV subscription service has secured Borrow a place in the auto industry, but the company must still work to appeal to future generations. Its current subscriber base consists of environmentally conscious college students looking for short-term vehicles, a generation that seems ideally suited to subscriptions because it places less emphasis on ownership and cultivates unique brand relationships.

"[Millennials] didn't want to own anything," de Guzman said. "They wanted to pay monthly for use and access, and when they were done with it, they were done with it. They also view our brand and our offering as luxury."

Borrow might need a new game plan for the next generation of consumers, however. Gen Z customers are tech-savvy, less worried about brand loyalty and more difficult to impress.

"Gen Z prefers to be communicated with through more technological ways than ever before, and it's never as much of a surprise for them when they get the free perks we offer," de Guzman explained.

Borrow typically offers a backpack full of offerings — including discounts on yoga and other services — with its vehicles. Gen Z customers have come to expect these kinds of benefits with their subscription services.

"It becomes just part of the natural experience of what they would get from a company like us," he said.

The role of subscriptions in the auto industry's future

Auto industry customers' expectations are constantly evolving, and it's likely that subscriptions will continue playing an active role in the market. Rideshare companies are unlikely to be Borrow's main source of competition because they offer a different consumer model, according to de Guzman. The company will instead vie with automakers looking to provide EVs and offer their own subscription services.

"Getting to and from work and relying on a rideshare service to live a life that's more full is hard to do," he added. "Competition with a ride-hailing company is in a different category … we're a new type of ownership."

Subscriptions will continue to grow in the auto industry, de Guzman predicted, and it's likely that more customers will turn to flexible transportation options. Automakers must be prepared for the road ahead as consumers' attitudes toward vehicle ownership rapidly change.

CONCLUSION

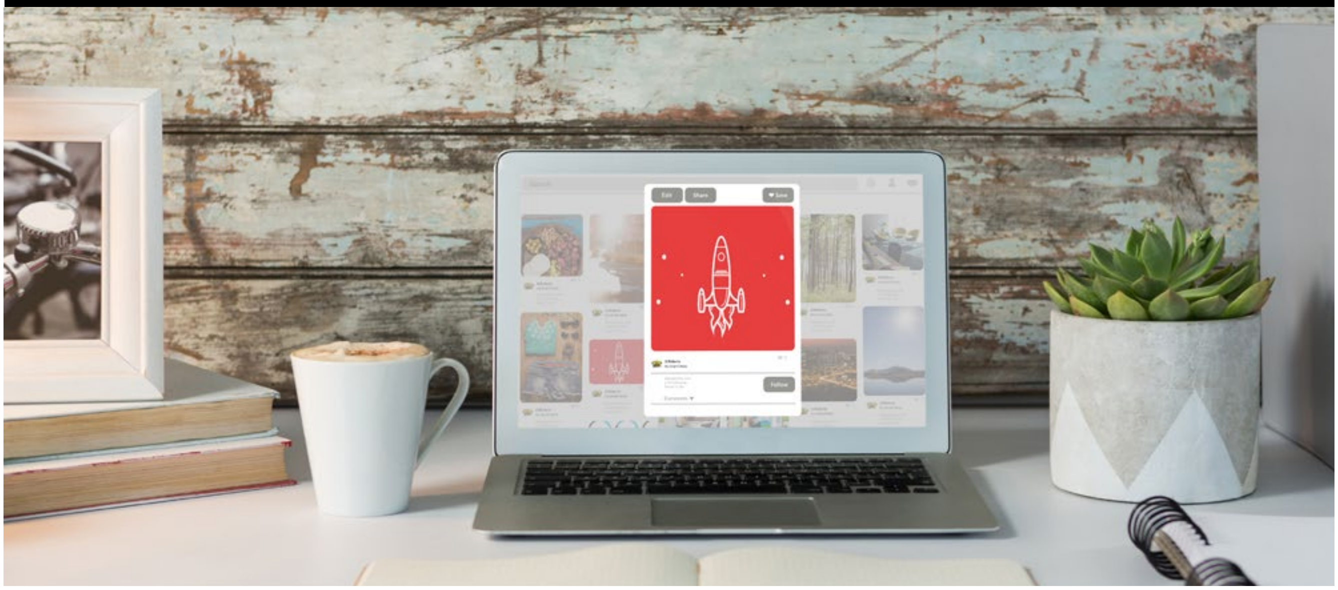
More industries are turning to the subscription business model to serve their customers, but with varying degrees of success. Though we had to slightly adjust our sample in Q4 2018, it appears subscription service companies are thriving overall.

Top Performers are steadily improving each quarter, while also homing in on features that are necessary — such as plan options — versus those that nice but underutilized, like rewards.

Still, there is no easy way to determine what works and what doesn't. B2B and B2C merchants lost some ground this quarter as their overall subscription checkout times climbed. Meanwhile, the differences between goods providers and service merchants demonstrate the need for companies to deeply understand their offerings and which subscription features will best complement them.

It's a lesson merchants should take to heart: Bottom Performers are facing a lot of competition, and those who can't provide the features their customers demand will simply be left behind.

SCCI INDEX **METHODOLOGY**



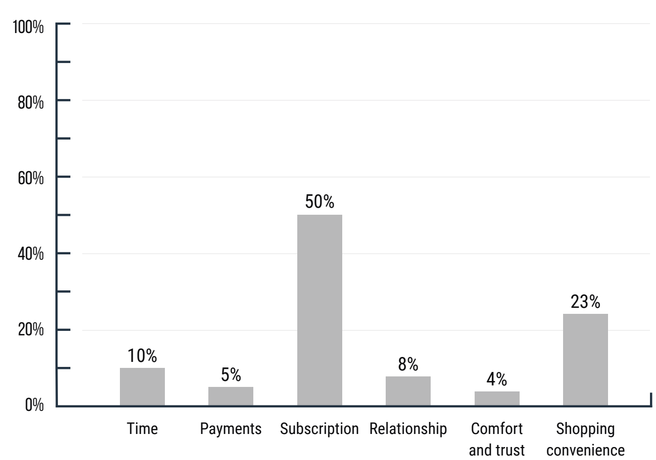
The Subscription Commerce Conversion Index (SCCI) measures friction in digital shopping experiences for subscription services and products. We identified the website elements most likely to create pain points during the shopping process. To accomplish this, we analyzed 47 separate shopping features on each merchant's website, from the landing page to the payment page, twice. Our merchant sample size declined from 179 in Q3 2018 to 171 in Q4 2018, as some merchants went out of business and others experienced website accessibility issues.

To provide this report's results:

- Researchers shopped for subscription plans on merchant websites and checked for the absence or presence of the top 47 features. They then ranked the merchants on a scale of one to five.
- We divided the features into broader categories and assigned different weights to each.
- We then calculated the index score on a scale of zero to 100.

The most relevant factors were messaging options (14 percent), time (10 percent), plan options (9 percent), plan cancellation (8 percent) and product details (7 percent).

Weight, by category



We calculated scores for all 171 merchants, and analyzed performance across nine industry segments.

- Business Services
- SaaS/Cloud Computing
- Education
- Streaming Services
- Publishing and Entertainment
- Consulting and Financial Services
- Consumer Services
- IoT/Hardware
- Consumer Goods and eCommerce

We categorized the nine industries into two large groups: B2B and B2C.

- **B2B:** Consulting and financial services, business services and SaaS/cloud computing
- **B2C:** OTT/SVOD, consumer goods and eCommerce, publishing and entertainment, education, consumer services and IoT/hardware.

Description of the 47 studied features

Category	Research question
SHOPPING CONVENIENCE	
Inventory Status	Does the site display whether or not products are in stock?
Product Ratings/Reviews	Does the site provide product reviews or ratings?
Product Recommendations	Does the site recommend other products that you may wish to purchase?
Social Sharing	Are you able to “like” products or to share products that you purchase or are interested in through social websites?
Product Details	Does the site allow you to view product details or specifications?
Progress Bar	Does the site show a progress bar to track the checkout process?
Quick Add to Cart	Does the site allow you to quickly add an item to your cart without having to read full description and reviews?
Free Shipping	Does the site provide an option for free shipping of your products?
Coupons	Are you able to enter coupon or promo codes?
Mobile Optimized	What type of mobile website does the merchant have?
COMFORT AND TRUST	
Guarantee or Refund	Does the site prominently display a satisfaction guarantee or refund policy?
Rewards	Does the site offer rewards for purchases?
Security Logos	Does the site prominently display security logos?
Feedback	Does the site have a feedback method?
Site Help Live	Does the site provide live help?
Site Help Wait	Does the site provide help that requires you to wait for a response?
Site Help Lookup	Does the site provide a way for you to look up help? (FAQ)
PAYMENT TYPES	
Visa	Does the site accept Visa cards?
Mastercard	Does the site accept Mastercard cards?
American Express	Does the site accept American Express cards?
Discover	Does the site accept Discover cards?
Diners Club	Does the site accept Diners Club cards?
PayPal	Does the site accept PayPal?
Number of Payment Types	What is the total number of payment options the site provides?

Category (Continue)	Research question
RELATIONSHIP	
Profile	Does the site require you to create a profile?
Password	Security: Is a password required?
Password Verification	Security: double entry verification
Password with Multiple Characters	Security: strength of the password
Password with Special Characters	Security: special characters in the password
Password Length	Security: length of the password
Social Media Setup	Can you set it up with an existing social media profile?
Shipping Same As Billing	Does the site allow you to use the same shipping address as the billing address without having to re-enter the data?
Validate Confirmation	Does the site attempt to validate your address information?
Time	How much time did it take to complete a purchase?
Pages	How many pages did it take to complete a purchase?
Clicks	How many clicks did it take to complete a purchase?
Mail Subscription	Does the site allow you to subscribe to promotional material through email?
RECURRING VARIABLES	
Messaging	Clear message about recurring charge amounts and frequency
Button Terminology	Does it say, "Subscribe Now" or "Buy Now" or "checkout"?
Plan Options	Flexibility for subscription regarding the packaging of goods
Most Frequent	Frequency in billing
Least Frequent	Frequency in billing
Billing Options	Number of billing options provided
Free Trial	Free trial option
Plan Changes	Does it allow to change the subscription plan after subscribing?
Annual Cost	What is the typical annual payment required by the subscription?
Cancel	Can I cancel immediately for no cost?

Featured Merchants

- Alexa
- Benchmark Email
- BoxSupport
- Campaign Monitor
- Clickypass
- Constant Contact
- Get Response
- getcroissant
- GoodHire
- HP Instant Ink
- Madmimi
- Mailchimp
- Office 365
- Plasso
- Survey Monkey
- vLex
- A1 Stock Picks
- B12 Trader
- Barrons
- Bloomberg
- Drewry
- Econsultancy
- Financial Standard
- Finbox
- Gorilla Trades
- Insider Monkey
- Investor's Business Daily
- Market Matters
- Money.Net
- The Motley Fool
- The Nilson Report
- The Street
- Time Money
- Allure
- Beautyfix
- Boxycharm
- Curlkit
- Elizabeth & Clark
- fabfitfun
- Fabletics
- Fandor
- Glossybox
- Good Being
- Ipsy
- Julep
- Lip Monthly
- Onyxbox
- Sephora Play
- Testtube
- Walmart Beauty
- Wantable
- BarkBox
- Birchbox
- Blacksocks.com
- BuluBox
- BustedTees
- Dollar Shave Club
- GrandBox
- Kiwi Crate
- NatureBox
- OliveBox
- PaleoPax
- PetFoodDirect.com
- PetShop UK
- Simple Loose Leaf
- Spicy Subscriptions
- Tea Sparrow
- The Tie Bar
- Turntable Kitchen
- Amazon Prime
- Art in a Box
- BrickHouse Security
- Drybar
- Handybook
- Jevents
- Just The Right Book
- MakeSpace
- Nicely Noted
- Private Equity
- Quarterly Co
- Stitch Fix
- Bitsbox
- Faith Box
- Harvard Business Review
- Indigo Artbox
- JSTOR
- MIT TechNology Review
- New Masters Academy
- Skillshare
- Study.com
- City Bike
- Livelox

- Acorn TV
- Crunchyroll
- Curiosity Stream
- Fandango Now
- Feeln
- Hulu
- MLB.TV
- MUBI
- NBA League Pass
- Netflix
- Sling TV
- Spuul
- Stan
- Sundance Now
- VideoBlocks
- Viki
- Vimeo Plus
- Warner Archive Instant
- WWE Network
- 24symbols
- Blinkist
- chicagopresents
- MoviePass
- Spotify
- Subwoofr
- toucanBox
- Adobe Creative Cloud
- Box
- ChartMogul
- CheddarGetter
- Churn Buster
- Concur
- Cratejoy
- Docusign
- Dropbox
- Exempt Me Now
- Gotomeeting
- Jira
- Linkedin
- WebEx
- Zendesk
- leanscout
- Casting Networks Inc.
- EHarmony
- Spokeo
- I will teach
- Education.com
- Gemba Academy
- Telstra
- Microsoft
- Untethered Lab, Inc.
- Canary
- Candy Club
- Experts Exchange
- Typeform
- Cleeng
- Animal Care Tech
- Asana
- Lucid charts
- Blue Apron
- Graze
- Lola
- Lovegoodly
- Sparkle Hustle Grow
- Home Chef
- Grasshopper
- Rocks Box
- Boingo
- Nest Aware
- DataCamp
- Flixfling
- Amazon Music
- Scribd
- The New Yorker
- Texture
- Codecademy
- Elastic Search
- Udemy
- Roku
- Live Stream
- Sage Intacct
- Zoho
- Harry's
- Trackmangolf
- Pluralsight
- Sun Basket
- Simply Wall Street

ABOUT

The Subscription Commerce Conversion Index (SCCI) was done in collaboration with Recurly, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the findings presented, as well as the methodology and data analysis.

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Feedback

We are interested in your feedback on this report and where we take it over time. Please send us your thoughts, comments or questions to SCCI@pymnts.com.

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